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ABSTRACT

Although the nation is spending more on its public schools than ever before, American students score poorly on standardized tests in comparison to other countries. Rising spending has had little effect on educational results because of a dramatic decline in labor productivity in public schools. Research on class size indicates that efficient class sizes are the product of many variables. Reductions in class size have the most effect in the primary grades (K-3), especially in regard to pupil behavior and attitude. School board members should review carefully requests for additional instructional staff. Successful solutions to problems of educational delivery must reduce public school monopoly power, encourage accountability, and reward productivity. A choice system gives parents alternatives among schools. Guided by sound policy, a choice plan can serve the goals of cost efficiency and educational quality. Twenty states are exploring some form of public school choice system. Other approaches to productivity reforms include allowing staff to share directly in the financial savings of a decentralized approach to school management. (MLF)

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**Updating SCHOOL BOARD POLICIES**

Volume 19/Number 11/December 1988

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*by Richard K. Vedder*

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Across-the-board reduction in class sizes can be an expensive, inefficient reform that draws school resources away from the pupils who need the most help. To be effective, this and other requested school improvements should be considered by each board of education in the context of local needs, financial constraints, productivity, and the overall effect on the educational program.

"Reducing class size, a very costly 'reform,' is unlikely to have tangible benefits for student achievement," writes Tommy Tomlinson in *Class Size and Public Policy: Politics and Panaceas* (U.S. Department of Education, 1988). Instead of investing the required $5 billion (in 1986 dollars) to reduce average class size nationwide by one pupil, those funds would be spent more productively on improving the quality of instruction and class management and addressing the special needs of low achieving and primary-level (K-3) children.

The New York State School Boards Association's (NYSSBA) 1986 position paper on the subject conveyed the same message, writes Barbara Bradley, NYSSBA research assistant in a recent newsletter. "Small classes cannot by themselves influence learning. Schools must focus on other factors such as staff development, time on tasks, improving curricula, cross-age and peer tutoring, and learning centers to improve student performance. School boards and administrators must balance teacher demands with the practicality of finances and public accountability."

## Evidence of decline

During the last 20 years, say the critics, class sizes have decreased and teacher compensation has increased, but public education has not shown corresponding improvements.

- **SAT scores are significantly lower now than 20 years ago although the decline leveled off in 1980. Since 1980 the verbal score has risen two points; math scores, ten points. *In 1962 the average verbal score was 478; in 1988 the score was 428 (down two points from 1987).* The *average math score of 502 in 1962* was *476 in 1988 (unchanged from 1987).* Reacting to this year's scores, former U.S. Department of Education Secretary William Bennett noted the $11 billion increase in total spending on public and secondary education from 1986 to 1987: "The absolute level at which our improvements are taking place is unacceptably low.... We are paying top dollar to educate our children, but we're sure not getting top return."**
- U.S. students score poorly on standardized tests in comparison to other nations—particularly in math and science. American 5th, 9th, and 12th grade science students ranked in the middle or near the bottom on an international survey of 15 nations released this year by the National Science Foundation. Last spring the National Assessment of Educational Progress (NAEP) reported that half of the American 17-year-olds tested could not perform common junior high math problems.
- **Students lack a basic knowledge of historical phenomena as demonstrated in a 1986 NAEP test: less than one third of the 17-year-olds knew in which 50-year period the Civil War occurred.**
- American young people (ages 18 to 24) ranked last in a recent nine-nation survey of world geography conducted by the National Geographic Society. The study found that 75 percent could not locate the Persian Gulf on a map and less than half could identify the United Kingdom, France, South Africa or Japan. The United States was the only country whose young adults scored below its older adults.

## Educational productivity

The nation is spending more on its public schools than ever before. In 1950, spending for schools constituted about two percent of the nation's resources. By 1986, the school share had increased by about 75 percent (to 3.5 percent) even though the portion of the population served by public schools remained stable. On a per pupil basis adjusting for inflation, expenditures more than tripled.

Why, then, has rising spending had little impact on educational results? The answer lies in a dramatic decline in labor productivity in public schools. Personnel costs, which dominate school spending, have soared in recent years. For example, teachers' pay rose by 5.5 percent again this year, resulting in an average salary of $29,573 (taking into account the ten weeks of paid summer vacation, the per-diem salary is 25 percent higher).

Labor productivity is measured by comparing the "output" of school employees to their "input." Assuming that each student is learning as much today as in 1940, the "productivity" of the instructional staff has fallen by an average of 38 percent. **In 1940, the average class size exceeded 29; in 1987, the ratio was 17.8**, according to the U.S. Center for Educational Statistics. If noninstructional staff are included (principals, supervisors, librarians, guidance counselors, etc.), the productivity decline is even greater.

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More spending is not the answer to improving student performance, conclude the authors of a Heartland Institute (a Chicago-based policy research group) study released in October 1988. "It really goes against the grain of a lot of thinking and opinion in state legislatures," says Herbert Walberg, a co-author of the report.

## A new mission?

Teachers might respond by saying that many pupils today have diminished motivation to learn because of changes in the American family and competing social and entertainment stimuli. Compared to the 1950s, students receive more individualized attention and curricular variety as well as the benefits of non-instructional services in the areas of nutrition, guidance, and health. Yet the primary (some would say the only) function of schools is to disseminate knowledge—and there is little evidence that increased spending has furthered this goal.

Jerome Harris, former superintendent of District 13 (NY) schools, commented on this problem in the May 30, 1988 issue of *Forbes:* "There is a willingness of people in New York and other places to think that schools cannot overcome the culture of the home and the environment. I don't believe that. The school is the strongest force on a kid. We have a child for 6 hours and 40 minutes. We have him without his mother, without junkies, without the neighborhood. We have him in an ideal situation and we can do something."

When Harris became superintendent in 1974, pupil achievement in this poor, mostly minority district ranked in the bottom fifth of the nation. Today, these students score above the national average. Harris credits the success to "high expectations." He adds, "If some teachers don't want to meet [our expectations], they'll try to find some other places where they can work with a little more leisure." [Harris is now superintendent of Atlanta (GA) schools.]

## Quality and spending

According to Emily Feistritzer, director of the National Center for Education Information: "There is no hard evidence that there is a correlation between education spending and student achievement in any school. Holding constant the socioeconomic and family backgrounds of students, NAEP data on students in the 4th, 8th, and 11th grades and studies by James Coleman and others show that students in Catholic schools in low-income areas far outperform their public school counterparts on achievement measures. Dropout rates are considerably lower, and the proportion of students who go to college is much higher. These schools spend, on the average, one third of what public schools spend to educate each student."

## Class size and achievement

School board members should review carefully requests for additional instructional staff. For example, Japan, with an average class size of 41, leads the world in math achievement. Although Japanese teachers benefit from a relatively homogenous culture and a uniform curriculum, nonetheless the school day and year are longer, the studies more rigorous, and the homework more intensive than in American schools.

In its 1983 report, *A Nation At Risk*, the National Commission on Excellence in Education recommended smaller class sizes as perhaps necessary only for educationally disadvantaged students. Instead, the Commission advocated a longer school day and year (7-hour days and a 200-220 days), better curricular materials, and rigorous teacher education programs.

According to a 1986 Educational Research Service report on 100 class size studies: "Gross generalizations regarding class size can be misleading, and sweeping policy changes can be ill conceived, ineffective, and costly. Indications are that efficient class sizes are the product of many variables."

Reductions in class size have the most effect in the primary grades (K-3), especially in regard to pupil behavior and attitude. However, when teachers assigned to the smaller classes do not change their classroom methods to take advantage of the changed environment, little improvement occurs.

## Controlling costs

School board members are aware of the many costly mandates, such as class size reductions, imposed on school budgets. At least three other factors limit a school board's ability to control costs:

- **Monopoly Power.** Unless there are several good, affordable private schools nearby, the public school system has no real competition. Without the pressure of competition, efficiency and cost-effectiveness are difficult to encourage. Monopoly industries generally have higher average costs than competitive firms, and education is no exception.

  Even within districts there is often little or no choice of schools. Despite the growth of magnet and other specialized schools, millions of American pupils still are assigned to schools.
- **Third Party Payments.** Consumers pay directly for many goods and services ranging from groceries to plumbers—an exchange of supply and demand. Yet the customers of public schools—pupils or their parents—typically pay the schools nothing directly. A third party—government—pays the bills. Few school budgets—even in times of declining enrollments—undergo the scrutiny of "zero-based budgeting." Rather, last year's budget serves as the working base for the next one with departmental increases funded for improvements.
- **Rent Seeking Behavior (Getting something for nothing).** Economists note that persons or groups asking for additional income without offering more work are engaged in "rent seeking" behavior. Teacher unions and others take advantage of this by demanding higher salaries, benefits, and reforms to lessen their workload (for example, smaller class size and more aides). However, the bottom line on these decisions should be whether the change will benefit either the students or the taxpayers. Often such evaluations do not occur because funding battles increasingly are waged in the state and national political arena.

School boards have an important function serving as mediators between employee groups, curriculum, and facility needs, and the tax-paying public. Yet school boards are handicapped in that their members typically work part time

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as non-professionals who depend on administrators for advice.

Many state-imposed mandates are the result of successful lobbying by groups trying to increase the monies earmarked for education or to redistribute funding in their favor. Tying school funding to compliance with state mandates challenges the practice of local control and makes excellence difficult to achieve. For example:

- *Some state laws restrict the ability of school boards to dismiss employees for incompetent or ineffective teaching. Attempts to adopt merit pay plans encounter challenges from employee unions both in state legislatures and school board meeting rooms.*
- **Studies suggest that teacher education and certification requirements have little positive impact on educational quality. Yet, many states continue to restrict entry into the teaching profession which artificially reduces teacher supply and raises salaries.**
- *Although smaller class size often has only marginal positive impact on educational quality, the change reduces teacher workloads and increases the demand for teachers. Last spring, local teacher unions in Ohio filed a class action suit against the State Department of Education, alleging inadequate enforcement of mandated class sizes.*

## Policy options

Successful solutions to problems of educational delivery must reduce public school monopoly power, encourage accountability, and reward productivity. A choice system gives parents alternatives among schools. Guided by sound policy, a choice plan can serve the goals of cost efficiency and educational quality.

Choice plans may be the only way to improve low-quality urban education, argues a journalist in *The Economist* (August 1988):

> It is probably fair to say that in New York, Boston and many other American cities, few parents choose to send their children to the local publicly-financed school .... Inner-city schools are thus full of children whose parents cannot afford to live elsewhere and cannot pay for education. Many schools have few serious students, lots of drugs and violence, and appallingly high dropout rates.

Twenty states are exploring some form of a public school choice system. In 1986 the National Governors' Association endorsed the idea, predicting better student attitudes and achievement, parental involvement, teacher morale, and racial balance within districts and regions.

- *A New Jersey governor's commission is studying a statewide public school "choice option." In 1986, the Montclair (NJ) School Board erased its boundary lines and allowed parents to select their children's elementary and middle schools. Since then middle school standardized test scores have jumped from the 40th to the 80th percentile. A 1987 study by the Educational Testing Service noted community stability, rising property values, and schools described as excellent.*
- **In 1989 Minnesota embarks on a three-year phase in of the nation's first statewide K-12 open enrollment system. State pupil aid will follow children to whatever schools they attend. In 1990, Iowa parents will be allowed to transfer their children to other school districts at no tuition cost, to take advantage of academic programs not offered locally.**
- *In 1970, the Acton (MA) School Board implemented a voucher system among four elementary schools, with two offering specialized services in basic skills and alternate programs. "The competition among principals is one of the things that has made the Acton schools excellent. Our teachers also compete at inservice training .... Parents take a great interest in the school. They feel they have an investment because it's their decision," said Joan Little, principal of Acton's Conant Elementary School.*
- **Next fall as many as 1,000 low-income parents in Milwaukee (WI) can send their kindergarten through sixth grade children to any county school. Under the terms of a five-year Parents' Choice Pilot Project, state tuition equivalency payments will reimburse the new school.**
- *Winning broad community support including that of minority and civil rights groups, a "controlled choice" integration program in Seattle (WA) will allow parents to choose among area schools. The school district will save more than $2 million in bussing costs the first year and $4 million annually when the phase in is complete.*

## Federal incentives

Last spring the President's Commission on Privatization recommended federal funding of pilot choice programs: "Testimony... revealed a substantial consensus that choice programs might provide alternative methods of addressing the particular needs of students who are not thriving under current educational practices."

A five-year experiment sponsored by the federal government, involving 100,000 pupils in six "demonstration" school districts of varying size, could be worth its maximum annual cost of $200-300 million. Other possible incentives include **subsidy payments** to states that repeal existing teacher certification and class size mandates and **performance subsidies** to school districts that register improvement on standardized tests and reductions in per pupil costs.

## Other approaches

Allowing staff to share directly in the financial savings can boost support for productivity reforms. For example, by not filling vacancies (attrition), a district with 5,000 students and 250 teachers reduces the staff by 20 over two years. One half of the amount saved—in this case $600,000—is deposited into a bonus fund to be divided among the teachers whose workloads had increased.

Studies indicate that a decentralized approach to school management, with strengthened principal and teacher control of curricular, administrative, and financial decisions, leads to better schools. A policy that "empowers" school staff can, at the same time, allow some choice among schools and tie employee compensation to performance. A system that treats individual schools like businesses where efficiency gains (lower costs) and output growth (higher student achievement) result in employee bonuses will stimulate productivity and professionalism among teachers, support staff, and administrators.

## Time for change

Teachers, administrators, and union leaders are, in general, highly dedicated professionals who work long hours for modest pay. Many good teachers are underpraised and underrewarded. However, educational quality and productivity could improve with a system of greater accountability.

As the percentage of the population aged 65 and over grows, it may be difficult to maintain popular support for school funding. Increasing productivity may be essential if public education is to survive. ■

*We welcome your reaction to the ideas presented in this article. Send your comments to: Editor,* **Updating,** *NSBA, 1680 Duke Street, Alexandria, VA 22314.*